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Hertz Press Information

The Hertz Corporation
660 Madison Avenue
New York, New York 10021

FOR IMMEDIATE RELEASE, Aug. 29, 1986 CONTACT:Leigh Smith (212)980-2353

Rental Cars Jump 22%...

1985 LEASE-RENTAL INDUSTRY REVENUES
SOAR 16.9% TO $52.368 BILLION RECORD

Lease-rental motor vehicle industry 1985 revenues soared to a record $52.368 billion, 16.9% over 1984's $44.784 billion and total units in service advanced 7.5% to a new high of of 6,719,000 from 1984's 6,249,000, according to The Hertz Corporation's annual estimate issued today.

Aiding the records were a 12.3% boost in the number of all rental cars on the road and a 22% jump in their revenues over 1984, the study showed.

New cars and trucks entering lease-rental service rose 3.7% to 2,013,000 in '85 from 1,941,000 in '84. But new units last year were 11% below the '78 record of 2,284,000, the company's latest survey noted, because businesses, like individuals, have been keeping vehicles longer.

Today's report shows the 1985 average lease-rental vehicle age -- or "holding time" -- edged up to 3.33 years from 1984's 3.22 years. Both are far above the 2.45-year average in 1972, the last year before the first Arab oil embargo. Average age of the nation's total 170.6 million vehicles on the road was 7.7 years in '85, according to industry data.

"Over the past decade, users of most cars and trucks have been keeping vehicles longer, and those who lease and rent have not been exceptions," said Frank A. Olson, Hertz Corporation chairman.

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Average annual mileage run by lease-rental units climbed 8.1% from an estimated 26,228 in 1984 to a record 28,367 in 1985, some 6.1% above the 1978 record of 26,730. The '84 mileage averaged by ALL U.S. units was 9,675, 4.2% above the 9,284 average run in 1984.

Sales of All 'Non-Personal' Units Rise

The report estimated TOTAL cars in non-personal service -- so-called "fleet" models, and both lease/rental AND owned vehicles -- were up 1.4% to 12,656,000 units from 1984's 12,484,000 and eclipsing the previous 1981 high of 12,490,000. "Non-personal" driving includes all business travel

Sales of all new "non-personal" cars rose 3.2% from 4,985,000 in 1984 to a record 5,145,000 last year, 3.1% above the previous 1981 record of 4,990,000. This compares with a 7.6% rise in overall 1985 new car sales to 10,889,000 units vs. 10,118,000 in 1984. The figures indicate "business" driving may not be climbing as fast as personal mileage.

Import Share Up Again

The new Hertz study also shows import makes accounted for 11.6% of non-personal car sales in '85, up from 9.84% in '84, but under '81's record 13.2%. Earlier, the "fleet" import share was 7.8% in 1978 and 3.7% in 1972.

The Hertz figures for "non-personal" units include what Detroit terms "fleet" sales -- deliveries to organizations buying 10 or more units a year -- PLUS sales to individuals driving more than 50% for busines, and to smaller business and government groups purchasing four to 10 vehicles annually.

While total lease-rental and "fleet" cars in service remain under-10% of the 128.6 million passenger cars on the nation's roads, the ratio of new non-personal sales to all new auto sales has been a 40-60% range the past 20 years. It was 42.7% in 1985, 43.9% in '84, 57% in '75.

The share of new lease-rental vehicle sales to total new car and truck sales has grown from under 1% in 1950 to 14% last year.

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Here is a breakout of the Hertz estimates for key segments of the business for 1985, 1984 and 1975:

	1985	1984	1975
CAR RENTAL			
Units In Service:	685,000	610,000	354,000
Revenues:	$5,431,000000	$4,450,000,000	$1,515,000,000
CAR LEASING			
Units In Service:	4,854,000	4,567,000	3,423,000
Revenues:	$32,082,000,000	$27,309,000,000	$9,320,000,000
(Individual Car leases:	1,800,000	1,665,000	1,072,000
TRUCK RENTAL			
Units In Service:	226,000	198,000	157,000
Revenues:	$ 3,825,000,000	$3,222,000,000	$1,012,000,000
TRUCK LEASING			
Units in Service:	954,000	874,000	739,000
Revenues:	$11,010,000,000	$9,863,000,000	$3,844,000,000

The report said these figures may be conservative, since many new and used car & truck dealers have entered the lease-rental business, adding to industry totals.

"Rentals" are defined as transient daily, weekly or monthly use, generally for less than six months." Leasing" refers to longer contracts, usually from one to five years for cars and one to eight years for trucks. Rental cars are normally kept 9 to 18 months, lease cars 12-48 months.

Hertz estimates lease-rental cars and trucks, which were 3.9% of the total of 170.6 million units on the road last year, rolled about 190.6 billion miles, some 11.6% of the 1.65 trillion miles run by all cars and trucks last year. In 1984, 164.3 million vehicles rolled 163.6 billion miles, or 10.7% of the 1.526 trillion miles run by all vehicles.

First 35 Years The Slowest

Although the car and truck renting business began more than 60 years ago when the motor vehicle business itself was still young, lease-rental did not begin its current growth pattern until the 1950s.

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By the mid-point of the 20th-century, only 82,000 lease-rental vehicles were in service, about 50,000 of them trucks--most short-haul delivery vans. This total amounted to less than 2/10ths of 1% of the nearly 50 million cars and trucks then on U.S. roads.

Lease rental revenues in 1950 were less than $120 million, almost $90 million in truck receipts, according to a review of U.S. motor vehicle use and costs prepared by Hertz. Lease-rental vehicle mileage of 1.6 billion was just 4/10ths of 1% of the 364 billion miles all cars and trucks ran that year.

Some 20,000 Firms Lease, Rent Vehicles

Some place the number of firms in car or truck leasing or renting as high as 20,000 -- ranging from automobile dealers who rent or lease a handful of vehicles each, to banks and retail chains specializing in fleet leases.

A variety of lease and rental contracts are written to meet wide customer needs. Under the most basic so-called "open-end" or "finance" lease, for example, a lessee -- customer -- assumes any gain or loss when a unit is sold at the lease's end. Most other agreements are simply options on, or variations of, the basic lease. With a "closed end" contract, for instance, the lessor -- leasing company -- is responsible for any profit or loss.

In addition, Hertz and other rental companies now dispose of many of their units through sales to retail customers at showrooms and lots in key cities across the nation, a practice Hertz introduced in 1970.

Industry officials foresee continuing growth of the business. If past advance rates continue, volume would be in the $70-90 billion range by 1990.

Hertz states: "Car and truck lease-rental volume has been growing for two decades at rates higher than for new car and truck growth generally. We believe future growth will reflect our efforts as it has in the past."

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TABLE IA Hertz Corp. 8/86

HERTZ ESTIMATES OF LEASE-RENTAL INDUSTRY UNITS & OTHER 'FLEET*' VEHICLES

Units=Thousands
Revs.=Millions 1950-1985 ('50-'73)
Gals./Miles=Billions

Total In Service	1950 Car	1950 Truck	1950 Total	1960 Car	1960 Truck	1960 Total	1973 Car	1973 Truck	1973 Total
Rental Units	17	9	26	112	45	157	364	162	526
Rental Revs.	22	19	41	216	142	358	1171	829	2000
Lease Units	16	40	56	524	207	731	3227	688	3915
Lease Revs.	8	69	77	483	519	1002	6128	2894	9022
S/T L/R Units	33	49	82	636	252	888	3581	850	4431
S/T L/R Revs.	30	88	118	699	661	1360	7229	3723	10952
Lease Cars									
-'Fleet'*Units	16			449			2233		
-Individ.Units	--			75			994		
Lease Trucks									
- Full Service		36			145			361	
- Finance		14			62			327	
NEW Units Into:									
- L/R Service	12	9	21	242	53	295	1744	204	1948
- All Uses	6300	1100	7400	7100	900	8000	11376	3029	14405
% L/R to Total	0.002	0.008	0.003	0.034	0.059	0.037	0.153	0.067	0.135
Vehicles On Road (Millions)	40.3	8.8	49.2	61.6	12.2	73.8	101.8	23.7	125.5
Fuel Used By:									
- L/R Vehicles	0.03	0.12	0.15	0.83	0.76	1.59	5.98	3.43	9.41
- All C & T	25.2	10.3	35.5	41.2	16.7	57.9	74.9	30.4	105.3
Mileage Run By									
- L/R Units	0.5	1.1	1.6	11.9	5.9	17.8	77.7	29.5	107.2
- All Units	364	94	458	588	131	719	977	260	1237
All'Fleet'*Cars									
On Road(Mls.)	4.876			7.453			11.589		
Miles Trvld.	62.3			100.6			157.4		

*Fleet = Vehicles in non-personal business, government, non-profit, lease-rental etc. service, more than 50%, whether registered to companies or individuals. Imports include units assembled here by foreign firms.

HERTZ ESTIMATES OF LEASE-RENTAL INDUSTRY & OTHER FLEET* UNITS

Units=Thousands
Revs.=Millions
Gals./Miles=Billions

TABLE IB 1975-1982

Total In Service	1975 Car	1975 Truck	1975 Total	1981 Car	1981 Truck	1981 Total	1982 Car	1982 Truck	1982 Total
Rental Units	354	157	511	512	193	705	505	188	693
Rental Revs.	1515	1012	2527	3349	2606	5955	3582	2677	6259
Lease Units	3423	739	4162	4556	848	5404	4497	856	5353
Lease Revs.	9320	3844	13164	21236	8300	29536	22322	8581	30903
S/T L/R Units	3777	896	4673	5068	1041	6109	5002	1044	6046
S/T L/R Revs.	10835	6993	17828	24585	10906	35491	25904	11258	37162
Lease Cars									
-'Fleet'*Units	2351			2843			2852		
-Individ.Units	1072			1713			1645		
Lease Trucks									
- Full Service		366			330			322	
- Finance		373			518			534	
NEW Units Into:									
- L/R Service	1670	218	1888	1743	183	1926	1570	201	1771
- All Uses	8262	2397	10659	8444	2185	10629	7754	2430	10185
% L/R to Total	0.202	0.091	0.177	0.206	0.084	0.181	0.202	0.083	0.174
Vehicles On Road (Millions)	107.4	26.4	133.8	122.0	36.1	158.1	123.2	37.0	160.2
Fuel Used By:									
- L/R Vehicles	5.90	3.22	9.12	5.24	4.04	9.28	4.90	4.16	9.06
- All C & T	73.2	29.7	102.9	66.1	39.1	105.7	65.8	41.2	107.0
Mileage Run By									
- L/R Units	77.3	29.3	106.6	98.3	39.6	138.0	101.9	40.4	142.3
- All Units	956	270	1226	986	383	1369	990	398	1388
All'Fleet'*Cars									
On Road(Mls.)	11.834			12.490			12.061		
Miles Trvld.	148.2			150.9			151.7		

*For definitions of "fleet" and "import" units, see Table IA 8/86

TABLE IC 8/86
HERTZ ESTIMATES OF LEASE-RENTAL INDUSTRY UNITS & OTHER 'FLEET' VEHICLES
Units=Thousands
Revs.=Millions 1950-85 ('84-'85)
Gals./Miles=Billions

Total In Service	1984 Car	1984 Truck	1984 Total	1985 Car	1985 Truck	1985 Total	Percent Change '75-85	Psg.Car 1984-5
Rental Units	610	198	808	685	226	911	1.935	1.123
Rental Revs.	4450	3222	7672	5431	3845	9276	3.585	1.220
Lease Units	4567	874	5441	4854	954	5808	1.418	1.063
Lease Revs.	27309	9803	37112	32082	11010	43092	3.442	1.175
S/T L/R Units	5177	1072	6249	5539	1180	6719	1.467	1.070
S/T L/R Revs.	31759	13025	44784	37513	14855	52368	3.612	1.181
Lease Cars								
-'Fleet'*Units	2902			3054			1.299	1.052
-Individ.Units	1665			1800			1.679	1.081
Lease Trucks								
- Full Service		321			337			1.050
- Finance		553			617			1.116
NEW Units (Thous.) Into:								
- L/R Service	1727	214	1941	1770	243	2013	1.060	1.025
- All Uses	10118	4047	14165	10889	4675	15564	1.318	1.076
% L/R to Total	0.171	0.053	0.137	0.163	0.052	0.129		
Vehicles On Road (Millions)	125.7	38.6	162.6	128.6	42.0	170.6	1.197	1.023
Fuel Used (B)By:								
- L/R Vehicles	5.39	4.59	9.98	6.99	4.94	11.93	1.185	1.297
- All C & T	69.0	43.7	112.7	70.3	46.1	116.4	0.960	1.019
Mileage Run (B)By								
- L/R Units	118.1	45.5	163.6	138.5	52.1	190.6	1.792	1.173
- All Units	1080	446	1526	1143	507	1650	1.196	1.058
All'Fleet'*Cars On Road(Mls.)	12.484			12.656			1.069	1.014
Miles Trvld.	196.9			203.4			1.372	1.033

*"Fleet" and imported vehicles defined in IA.

TABLE IIA

'FLEET' CAR SALES -- NEW UNITS SOLD FOR NON-PERSONAL SERVICE
(Estimates in Millions of Vehicles)

	1950	1960	1973	1975	1978	1979	1980
# Domestic	1.476	2.481	4.532	4.494	4.401	4.302	3.784
# Import	0.0004	0.0030	0.2590	0.2510	0.3730	0.3860	0.5210
Import % Of 'Fleet' TOTAL 'FLEET'	--	1.3	5.4	5.3	7.8	8.2	12.1
	1.476	2.484	4.791	4.745	4.774	4.704	4.305
% 'Fleet' To All P/C Sales	23.4	35.0	42.1	57.4	43.6	45.5	49.1

NEW CAR SALES TO INDIVIDUALS FOR PERSONAL USE

# Domestic	4.819	4.114	5.056	2.263	4.599	3.678	2.508
# Import	0.005	0.507	1.529	1.254	1.573	1.953	1.948
TOTAL #	4.824	4.621	6.585	3.517	6.172	5.631	4.456
% Import To All Individual Sales	0.1	11.0	23.2	35.7	25.5	34.7	43.7

TOTAL NEW CAR SALES -- INDIVIDUAL & 'FLEET' -- DOMESTIC & IMPORT

# Domestic	6.295	6.595	9.586	6.757	9.000	7.996	6.292
# Import	0.005	0.510	1.790	1.505	1.946	2.339	2.469
TOTAL #	6.300	7.105	11.376	8.262	10.946	10.335	8.761
% Import To TOTAL P/C SALES	0.2	7.0	15.7	18.2	17.8	22.6	28.1

"Fleet" Sales = All passenger cars used primarily for non-personal driving.
"Imports" include units made in USA by overseas companies.

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TABLE IIB 8/86

'FLEET' CAR SALES -- NEW UNITS SOLD FOR NON-PERSONAL USE
(Hertz Corp. Estimates in Millions of Units)

	1981	1982	1983	1984	1985	PERCENTAGE CHANGE 1975-85	1984-5
# Domestic	3.475	3.252	3.848	4.501	4.550	1.012	1.011
# Import	0.528	0.463	0.496	0.484	0.595	2.371	1.229
Import % Of 'Fleet' TOTAL 'FLEET'	13.2	12.5	11.4	9.8	11.6		
	4.003	3.715	4.344	4.985	5.145	1.051	1.032
% 'Fleet' To All P/C Sales	47.4	47.9	48.7	49.3	47.2		
NEW CAR SALES TO INDIVIDUALS FOR PERSONAL USE							
# Domestic	2.537	2.209	2.619	3.094	3.327	1.470	1.075
# Import	1.904	1.830	2.457	2.039	2.417	1.927	1.185
TOTAL #	4.441	4.039	5.076	5.133	5.744	1.633	1.119
% Import To All Individual Sales	42.9	45.3	48.4	39.7	42.1		
TOTAL NEW CAR SALES -- INDIVIDUAL & FLEET -- DOMESTIC & IMPORT							
# Domestic	6.012	5.461	6.467	7.595	7.877	1.166	1.037
# Import	2.432	2.293	2.457	2.523	3.011	2.001	1.193
TOTAL #	8.444	7.754	8.924	10.118	10.889	1.318	1.076
% Import To TOTAL P/C SALES	28.8	29.6	27.5	24.9	27.7		

"Fleet" units are thosen driven primarily (50%+) for non-personal purposes. "Imports" include units made in the USA by overseas companies.

TABLE III ESTIMATED 1985 MILEAGE & FUEL USE BY PURPOSE & VEHICLE TYPE

Hertz Estimates REVISED 8/86

YEARS	NON-PLEASURE TRAVEL: *TRUCK <Truck & Psgr.Car> <Business Travel> Miles (Bls.)	Fuel Use (Bls. Gals.)	*PASSENGER CAR <Essential/ /Family Use/ Miles (Bls.)	Fuel Use (Bls. Gals.)	*PASSENGER CAR /+Commutation> Miles (Bls.)	Fuel Use (Bls. Gals.)	PLEASURE: *<PassengerCar> <Pleasure Usage> Miles (Bls.	Fuel Use (Bls. Gals.)
1950	94.0	10.30	62.3	14.33	207.0	14.38	102.0	7.06	95.0	6.49
1960	131.0	16.70	100.6	7.03	334.0	23.36	170.0	11.87	153.0	10.81
1970	220.0	26.50	159.8	11.66	508.0	37.08	268.0	19.53	233.0	17.06
1971	232.0	28.00	164.6	12.01	549.0	40.07	287.0	20.98	241.0	17.42
1972	265.0	29.50	167.0	11.68	573.0	40.07	303.0	21.20	263.0	18.25
1973	260.0	30.40	157.4	12.11	561.0	43.15	297.0	22.88	259.0	19.64
1974	274.0	29.90	143.9	11.51	529.0	42.32	281.0	22.46	244.0	19.47
1975	270.0	29.70	148.2	11.31	553.0	42.21	294.0	22.42	254.0	19.68
1976	302.0	33.10	154.7	10.67	572.0	43.01	303.0	22.82	262.0	20.72
1977	338.0	36.70	161.1	10.39	630.0	45.99	323.0	23.58	258.0	20.22
1978	360.0	38.30	171.1	10.06	652.0	46.57	334.0	23.89	264.0	20.97
1979	371.0	38.60	166.7	9.26	658.0	45.89	324.0	22.70	229.0	18.05
1980	386.0	40.10	152.5	8.03	637.0	44.44	315.0	21.94	201.0	15.83
1981	383.0	39.10	150.9	7.82	636.0	43.47	314.0	21.42	199.0	15.31
1982	398.0	40.40	151.7	7.40	639.0	43.32	316.0	21.41	198.0	15.10
1983	423.1	41.64	191.4	8.95	582.1	38.50	360.2	23.82	262.2	19.21
1984	446.3	43.67	196.9	8.88	597.5	39.71	362.9	23.69	285.2	20.44
1985	506.8	46.10	203.4	8.82	632.8	37.87	364.6	22.88	307.2	25.02

	SUB-TOTAL CARS Miles (Mls.)	Fuel Use (Bils. Gals.	ESTIMATED SUB-TOTAL NON-PLEASURE TRIPS CARS & TRUCK Bils. Gals.	ESTIMATED SUB-TOTAL PLEASURE TRIPS CARS & TRUCKS Mile (Bls	Fuel Use Bls. Gals.	GRAND TOTAL CARS & TRUCKS Miles (Bls.	Fuel Use (Bils. Gals.)
1950	364.3	35.20	352.0	37.77	106.3	7.73	458.3	45.50
1960	587.6	41.20	549.9	45.09	168.7	12.81	718.6	57.90
1970	900.8	65.80	861.4	72.06	259.4	20.24	1120.8	92.30
1971	954.6	69.50	917.8	76.72	268.8	20.78	1186.6	97.50
1972	1003.0	70.00	973.2	77.71	294.8	21.79	1268.0	99.50
1973	977.4	74.90	947.2	82.01	290.2	23.29	1237.4	105.30
1974	916.9	73.30	914.0	80.14	276.9	23.06	1190.9	103.20
1975	955.2	73.20	938.8	79.66	286.4	23.24	1225.2	102.90
1976	988.7	74.40	992.5	82.81	298.2	24.69	1290.7	107.50
1977	1049.1	76.60	1088.5	88.68	298.6	24.62	1387.1	113.30
1978	1087.1	77.60	1139.9	90.33	307.2	25.57	1447.1	115.90
1979	1053.7	73.20	1151.2	89.12	273.5	22.68	1424.7	111.80
1980	990.5	68.30	1129.2	87.76	247.3	20.64	1376.5	108.40
1981	985.9	66.60	1123.9	85.70	245.0	20.00	1368.9	105.70
1982	988.7	65.82	1140.9	86.27	245.8	19.95	1386.7	106.22
1983	1035.7	66.66	1145.8	84.09	313.0	24.21	1458.8	108.30
1984	1079.6	69.03	1187.2	87.01	338.8	25.68	1525.9	112.70
1985	1143.4	70.29	1275.8	87.25	374.3	30.55	1650.2	116.38

NOTE: Commuting part of essential family use. * An estimated 13.25% of "Passenger-car" type travel actually done in small trucks in 1985.

TABLE IV — Hertz Estimates of — 8/86

TOTAL NEW & USED CARS SOLD IN 1985 BY TYPE OF USE (A)

(in millions of units)

	TOTAL CARS SOLD New & Used			Cars N&U Sold for NON-Personal Use			Cars N&U Sold for PERSONAL Use		
	Numbers	Percentages: Down	Across	Numbers	Percentages: Down	Across	Numbers	Percentages: Down	Across
NEW CARS									
Domestic	7.877	0.723	1.0	4.550	0.875	0.578	3.327	0.547	0.422
Import	3.011	0.277	1.0	0.595	0.125	0.198	2.417	0.453	0.803
Sub-total	10.888	1.000	1.0	5.145	1.000	0.473	5.744	1.000	0.528
Percentages		0.406				0.192			0.214
USED CARS									
Domestic	12.904	0.810	1.0	2.528	0.727	0.196	10.376	0.828	0.804
Import	3.027	0.190	1.0	0.948	0.273	0.313	2.079	0.172	0.687
Sub-total	15.931	1.000	1.0	3.476	1.000	0.218	12.455	1.000	0.782
Percentages		0.594				0.130			0.464
TOTALS	26.819	1.000	1.0	8.621	0.321		18.199	0.679	

(A) The term "fleet" vehicle is defined by auto manufacturers as a unit sold to an organization acquiring 10 or more new vehicles each year; in addition to these, more are sold to smaller organizations and/or government groups, plus associations and individuals, which are used PRIMARILY (over 50%) for "business" rather than purely personal driving. The "NON-Personal" use figures represent all of these.